

HOUSE BILL No. 1430

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-17-1; IC 6-1.1-46.

Synopsis: Property tax abatement adjustments. Subject to approval by the legislative body of a city or town, provides a credit against municipal property taxes to a taxpayer in a municipal taxing district in which the assessed valuation subject to tax abatement is proportionally greater by a factor of at least three than the average assessed valuation subject to tax abatement in all taxing districts in the city or town. Imposes an equalization levy in the city or town to replace the revenue lost as a result of the credit.

Effective: January 1, 2010.

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January 13, 2009, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1430

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-17-1, AS AMENDED BY P.L.146-2008,
2 SECTION 146, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2010]: Sec. 1. (a) On or before August 1
4 of each year, the county auditor shall send a certified statement, under
5 the seal of the board of county commissioners, to the fiscal officer of
6 each political subdivision of the county and the department of local
7 government finance. The statement shall contain:
8 (1) information concerning the assessed valuation in the political
9 subdivision for the next calendar year;
10 (2) an estimate of the taxes to be distributed to the political
11 subdivision during the last six (6) months of the current calendar
12 year;
13 (3) the current assessed valuation as shown on the abstract of
14 charges;
15 (4) the average growth in assessed valuation in the political
16 subdivision over the preceding three (3) budget years, excluding
17 years in which a general reassessment occurs, determined



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according to procedures established by the department of local government finance;

(5) the amount of the political subdivision's assessed valuation reduction determined under section 0.5(d) of this chapter;

(6) for counties with taxing units that cross into or intersect with other counties, the assessed valuation as shown on the most current abstract of property; and

(7) the county auditor's determinations under IC 6-1.1-46-3; and

~~(7)~~ **(8)** any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

(d) Subject to subsection (e) and except as provided in subsection (f), after the county auditor sends a certified statement under subsection (a) or an amended certified statement under this subsection with respect to a political subdivision and before the department of local government finance certifies its action with respect to the political subdivision under section 16(f) of this chapter, the county auditor may amend the information concerning assessed valuation included in the earlier certified statement. The county auditor shall send a certified statement amended under this subsection, under the seal of the board of county commissioners, to:

(1) the fiscal officer of each political subdivision affected by the amendment; and

(2) the department of local government finance.

(e) Except as provided in subsection (g), before the county auditor makes an amendment under subsection (d), the county auditor must provide an opportunity for public comment on the proposed amendment at a public hearing. The county auditor must give notice of the hearing under IC 5-3-1. If the county auditor makes the amendment as a result of information provided to the county auditor by an assessor, the county auditor shall give notice of the public hearing to the assessor.

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(f) Subsection (d) does not apply to an adjustment of assessed valuation under IC 36-7-15.1-26.9(d).

(g) The county auditor is not required to hold a public hearing under subsection (e) if:

- (1) the amendment under subsection (d) is proposed to correct a mathematical error made in the determination of the amount of assessed valuation included in the earlier certified statement;
- (2) the amendment under subsection (d) is proposed to add to the amount of assessed valuation included in the earlier certified statement assessed valuation of omitted property discovered after the county auditor sent the earlier certified statement; or
- (3) the county auditor determines that the amendment under subsection (d) will not result in an increase in the tax rate or tax rates of the political subdivision.

SECTION 2. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010]:

Chapter 46. Covered Taxing District Tax Adjustments

Sec. 1. The following definitions apply throughout this chapter:

- (1) "Assessed valuation subject to tax abatement" means the sum of the amounts of deductions granted under IC 6-1.1-12.1, as determined by the county auditor.
- (2) "Average abatement" means, for a covered taxing district in a city or town and for an assessment date, the amount of assessed valuation subject to tax abatement that bears the same proportion to the gross assessed valuation of the covered taxing district for the assessment date that the assessed valuation subject to tax abatement of all covered taxing districts in the city or town bears to the gross assessed valuation of all covered taxing districts in the city or town for the assessment date.
- (3) "Covered taxing district" means a taxing district that consists of a part of a city or town.
- (4) "Designating unit" means a city or town that designated under IC 6-1.1-12.1 the economic revitalization area in which a taxpayer is located.
- (5) "Gross assessed valuation" means assessed valuation before the application of:
 - (A) deductions under IC 6-1.1-12 and IC 6-1.1-12.1; and
 - (B) exemptions under IC 6-1.1-10.
- (6) "High abatement district" means a covered taxing district:
 - (A) in a city or town in which there is more than one (1)

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covered taxing district; and

(B) in which the quotient determined under section 3(a) of this chapter is more than three (3) times greater than the average of the quotients determined under section 3(a) of this chapter for all covered taxing districts in the city or town.

(7) "Net assessed valuation" means assessed valuation after the application of:

(A) deductions under IC 6-1.1-12 and IC 6-1.1-12.1; and

(B) exemptions under IC 6-1.1-10.

(8) "Tax liability" refers to tax liability after the application of all:

(A) deductions; and

(B) credits other than the credit under this chapter.

Sec. 2. This chapter applies in a city or town only if:

(1) more than one (1) covered taxing district is located in the city or town; and

(2) for an assessment date, on July 1 that immediately succeeds the assessment date, an ordinance adopted by the legislative body authorizing the implementation of this chapter is in effect in the city or town.

Sec. 3. (a) Before August 1 of each year after 2009, the county auditor shall determine for the most recent assessment date for each covered taxing district in each city or town in the county the quotient of:

(1) the assessed valuation subject to tax abatement in the covered taxing district; divided by

(2) the gross assessed valuation of the covered taxing district.

(b) On or before August 1 of each year after 2009, the county auditor shall certify the following to each city or town in the county:

(1) The identity of each high abatement district in the city or town.

(2) The total assessed valuation subject to tax abatement in each covered taxing district in the city or town.

Sec. 4. (a) A taxpayer in a designating unit in a high abatement district determined with respect to the assessment date in a calendar year is entitled to a credit against the taxpayer's tax liability to the designating unit for taxes first due and payable in the immediately succeeding calendar year. The amount of the credit for taxes first due and payable in a calendar year is the remainder of:

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(1) the amount of the taxpayer's tax liability to the designating unit determined without the application of the credit under IC 6-1.1-20.6; minus

(2) the amount of tax for the calendar year for which the taxpayer would be liable to the designating unit determined without the application of the credit under IC 6-1.1-20.6 if, in the determination of the net assessed valuation for the assessment date in the immediately preceding year used to determine the designating unit's tax rate for the calendar year, in the high abatement district the average abatement is substituted for the actual tax abatement.

(b) The auditor of the county shall apply the credit under this section against the tax liability of each taxpayer that qualifies for the credit. A taxpayer is not required to apply for the credit.

Sec. 5. The fiscal body of each city or town in which a credit under section 4 of this chapter applies shall impose an equalization levy in addition to the property tax levy for the city or town determined under IC 6-1.1-17. The amount of the equalization levy for taxes first due and payable in a calendar year in which a credit is applied under section 4 of this chapter is the combined amount of those credits for taxes first due and payable in that calendar year in the city or town.

Sec. 6. (a) The property tax levy limits imposed by IC 6-1.1-18.5-3 do not apply to property taxes imposed under this chapter.

(b) For purposes of computing the property tax levy limits imposed on a city or town by IC 6-1.1-18.5-3, a property tax levy for a calendar year does not include the part of the levy of the city or town that is levied under this chapter.

Sec. 7. The department of local government finance shall certify the tax levies and tax rates required under section 5 of this chapter in the same manner in which the department certifies levies and rates under IC 6-1.1-17. To comply with this section, the department of local government finance may certify a tax levy that exceeds the amount originally fixed by the city or town.

Sec. 8. Tax proceeds received under this chapter are not considered a levy excess under IC 6-1.1-18.5-17.

Sec. 9. A covered taxing district tax abatement credit account is established in the general fund of each city or town in which a credit under section 4 of this chapter applies. The county treasurer shall deposit the amount collected from a levy imposed under this chapter by the city or town in the account.

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1 **Sec. 10. The amount in a covered taxing district tax abatement**
2 **credit account may be used only to replace property tax revenues**
3 **lost by a designating unit as the result of applying credits under**
4 **section 4 of this chapter.**

5 **Sec. 11. The department of local government finance shall adopt**
6 **rules under IC 4-22-2 to implement this chapter.**

7 **SECTION 3. [EFFECTIVE JANUARY 1, 2010] IC 6-1.1-17-1, as**
8 **amended by this act, and IC 6-1.1-46, as added by this act, apply**
9 **only to property taxes first due and payable after 2010.**

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